

In addition to providing relief immediately, the Democratic proposal does so at a more reasonable cost—\$64 billion over 10 years, compared to \$105 billion for the Republican repeal. This \$40 billion difference can and should go to other important national priorities—such as a prescription drug benefit for Medicare, making a college education more affordable, extending Medicare's solvency, or reducing the national debt. But the Republican repeal will cost much more than that. In its second 10 years, 2011–2020, the same decade in which the baby boomers begin to retire and place enormous strains on the Medicare system and on Social Security, the Republican repeal is estimated to cost up to \$750 billion. To give such a huge tax cut to a few thousand of the wealthiest among us at the expense of important national priorities for our children, grandchildren, and senior citizens is simply wrong.

I believe that taxes should be distributed fairly among all Americans. I also believe that we have a responsibility to protect Medicare and Social Security, to pay down the national debt, and to make the investments in health-care, education and other key areas that will keep America strong in the future. The Democratic estate tax reform plan is consistent with these goals. The Republican plan puts them at risk.

Mr. KENNEDY. Mr. President, I am disappointed that the Senate has taken four days now to debate the estate tax before making any real progress on education, health, or debt reduction. Democrats agree that owners of small businesses and farms need relief from this tax, and if the Republicans had worked with us, this problem could have been solved long ago. Instead, our Republican colleagues are holding small business owners and farmers hostage as their excuse to provide an enormous windfall to the wealthiest 1 percent of taxpayers—people who have an average income of over \$800,000 a year. The repeal of the estate tax that they seek, costing over \$50 billion a year, is the ultimate tax break for the wealthy, and any repeal bill will eminently deserve the veto that President Clinton has promised if it reaches his desk.

The Senate has much higher priorities that we should have addressed this week. Tens of millions of senior citizens face a crisis because they can't afford the prescription drugs they need. The extraordinary promise of fuller and healthier lives brought by new prescription drugs is beyond their reach. They need help to afford these life-saving, life-changing miracle drugs. But instead of doing the work that is needed to enable all seniors to access the prescription drugs they need, the Senate spends day after day doing the bidding of a few thousand of America's wealthiest citizens.

We send tens of millions of young children to dilapidated, crumbling, over-crowded schools with underpaid teachers each day—yet we stand here debating a bill to repeal the tax on multi-million dollar estates.

Millions of working men and women and their families struggle to survive on the minimum wage at its current unfair level of \$5.15 an hour. The Republican Senate has no time to meet their needs—yet the time of the Senate is instantly available to those who make thousands of dollars each hour.

Congress has not found time to resolve any of the daily problems facing the vast majority of the nation's working families, its senior citizens, and its school children. In this “do-nothing Congress,” the list of priority matters on which nothing is done goes on and on—gun safety, the patients' bill of rights, protecting children from tobacco, protecting the environment. There is no time for any of these issues—but there is always time to help millionaires and even billionaires reduce their taxes. It is obvious where the priorities of our Republican friends lie.

All Americans should take a clear look at what the Republicans really want when they propose a full repeal of the estate tax. Current law now taxes only the largest 2 percent of all estates. No one else pays any estate tax. Today anyone can bequeath unlimited resources to a spouse completely free of the estate tax, and \$675,000 to anyone else—again completely without tax. Present law already exempts up to \$1.3 million for family-owned businesses and farms.

We Democrats seek to substantially raise these exemptions so that next year, no one pays the tax on the first two million dollars in value of any estate, and by 2010, no one pays the tax on the first four million dollars in value of any estate. The Democratic plan affords owners of small businesses and family farms double these exemptions, so that couples who own a small business or family farm worth up to \$8 million would pay no estate tax at all. If a business or farm is worth over \$8 million, only the portion over \$8 million in an estate is taxed under the Democratic plan. The Democratic plan will eliminate all estate taxes for more than half of those who currently pay them. I stand with my Democratic colleagues in fully supporting this common sense approach to estate tax reform.

Estate tax repeal, however, is simply a boon for the three thousand largest estates each year, valued not in millions, but in the tens of millions of dollars. These huge estates are the only ones significantly affected by the estate tax.

Currently, over half of all estate taxes are paid by the top one tenth of the wealthiest one percent—estates worth more than \$5 million. There are fewer than three thousand of these estates out of the 2.3 million Americans who die each year. According to an analysis by the Citizens for Tax Justice, 91 percent of the tax benefits from repeal of the estate tax would go to the top 1 percent of taxpayers—who have an average annual income of \$837,000.

As Treasury Secretary Lawrence Summers has said, repealing the estate tax would qualify as the most regressive and back-loaded tax legislation ever.

Republicans don't want to talk about who will really benefit from this enormous tax cut. Instead, they talk about the plight of small family owned farms and businesses. What they don't tell you is that these family owned small businesses and farms account for less than ten percent of estate taxes today.

We could act now—and we should—to help families keep their farms and businesses when the owner dies. This concern is legitimate—but it does not justify eliminating the entire estate tax. The estate tax problem for small businesses and family farms could be solved at a fraction of the cost of the Republican bill. Our Democratic proposal provides full relief to these families.

If helping owners of small farms and businesses were the Republicans' real goal, they would join us to pass the Democratic estate tax reform overwhelmingly. After all, the Democratic plan exempts almost all owners of small businesses and farms immediately, while the Republican plan takes ten years before exempting anyone. Republicans obviously know that giving immediate relief to family farms and small firms will take away any pretext at all for the enormous windfall that they want to give the richest taxpayers. They know they can never explain the real purpose of their estate tax repeal to the voters—so they are holding relief for small business owners and small farmers hostage to their unacceptable larger scheme for helping the super-rich.

The people whom the Republican leadership is really working for—but whom they don't want to mention—are those few people who inherit the 3,000 estates each year that are worth more than \$5 million. These estates are one in every thousand estates—yet they pay over half of the current estate tax. When pressed to explain why these estates need to have taxes eliminated entirely, Republicans respond vaguely in terms of “fairness.” They never explain why it is fairer to tax the earned income of working families than the unearned inheritance of the wealthiest families in America. That is a fairness issue they never want to talk about. There is nothing compassionately conservative about repealing the estate tax.

Republican President Theodore Roosevelt thought the estate tax was fair when he proposed it a century ago. He believed then and we believe today that those who have the largest financial resources have an obligation to help provide for the basic needs of the less fortunate members of this community. Obviously, today's Republicans don't share Teddy Roosevelt's values.

The supporters of the Republican estate tax repeal have also carefully designed it to conceal its real long-run cost. Under their scheme, full repeal